



0000031326

Arizona Corporation Commission
BEFORE THE ARIZONA CORPORATION COMMISSION

JUL 25 2000

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

DOCKETED BY

RT

IN THE MATTER OF THE APPLICATION OF
MOUNTAIN PASS UTILITY COMPANY FOR A
NEW CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE SEWER SERVICE IN
PINAL COUNTY, ARIZONA.

DOCKET NO. SW-03841A-00-0124

DECISION NO. 62757**OPINION AND ORDER**

DATE OF HEARING: June 12, 2000

PLACE OF HEARING: Tucson, Arizona

PRESIDING OFFICER: Jane L. Rodda

APPEARANCES: Mr. Marty Aronson, Morrill & Aronson, on behalf of Mountain
Pass Utility Company; andMr. Christopher Kempley, Assistant Chief Counsel, of behalf of
the Utilities Division Staff.**BY THE COMMISSION:**

Having considered the entire record herein and being fully advised in the premises, the
Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On February 24, 2000, Mountain Pass Utility Company ("MPUC" or "Company")
filed an application for approval of a new Certificate of Convenience and Necessity ("Certificate") to
provide sewer service in Pinal County, Arizona.

2. On March 13, 2000, Commission Utility Division Staff ("Staff") filed a letter
indicating that the Company's application was sufficient.

3. By Procedural Order dated March 23, 2000, a hearing was scheduled for June 12,
2000 at the Commission's Tucson offices.

4. Pursuant to the March 23, 2000 Procedural Order, on March 27, 2000, the Company
mailed notice of the hearing to all property owners in the affected area.

5. On May 19, 2000, Staff filed its Staff Report recommending approval of the

1 application.

2 6. MPUC is seeking a Certificate to provide sewer service to a proposed 2,500 ac.
3 planned residential community known as SaddleBrooke Ranch located northeast of Oracle Junction
4 in Pinal County, Arizona. The legal description of the proposed service area is set forth in Exhibit A.
5 At build-out, SaddleBrooke Ranch is expected to have 6,200 residential units with some light
6 commercial uses. There are no other sewer service providers in the proposed service territory.

7 7. Wastewater treatment will be accomplished by an activated sludge process, which
8 incorporates an anoxic reactor for de-nitrification. Additional filtration and disinfection will treat the
9 effluent to a tertiary level. Effluent disposal will be by golf course and landscape irrigation, and also,
10 at a later date by either a NPDES ("National Pollutant Discharge Elimination System") surface water
11 discharge permit or by aquifer recharge through percolation basins.

12 8. Staff believed that the project is technically and environmentally feasible and that the
13 estimated flows, growth rates and projected costs are reasonable and appropriate.

14 9. MPUC has requested initial rates in the form of a flat monthly sewer fee of \$49.25
15 residential and commercial customers and an effluent rate of \$0.87 per 1,000 gallons. MPUC also
16 requested approval of the following service charges:

17		
18	Establishment	\$30.00
19	Reconnection (Delinquent)	\$30.00
20	Deposit	per rule
21	Deposit Interest	per rule
22	Re-establishment (within 12 months)	months off system times monthly
		minimum
	NSF Check	\$15.00
	Late Payment Penalty (Per month)	1.5 %
	Disconnect/Reconnect (Delinquent)	\$500.00

23 10. The Company based its initial rates on pro forma data that assumes 1,000 connections
24 after five years of operations. The Company estimated annual operating expenses of \$375,968.
25 Assuming revenue from effluent and establishment fees of \$45,150, the Company calculated it would
26 need approximately \$590,963 in revenue from its flat monthly charge to generate a 5 percent rate of
27 return on a rate base of \$5,202,900.

28 11. Staff recommended approval of the Company's proposed initial rates and charges.

12. MPUC has received a franchise from Pinal County that allows it to construct within the public rights of way.

13. MPUC has not yet obtained its Approval to Construct from the Arizona Department of Environmental Quality ("ADEQ").

14. Staff recommended that:

- a. the Commission condition approval of the application on MPUC filing a copy of its ADEQ Approval To Construct within 365 days from the effective date of this Decision;
- b. the Company notify the Director of the Commission's Utility Division within 15 days of providing service to its first customer;
- c. the Company be ordered to file a permanent rate application within 36 months from the date it first provides service to its first customer;
- d. the Company maintain its books and records in conformance with the NARUC Uniform System of Accounts for Class B wastewater utilities; and
- e. the Company file a schedule with its tariff to allow for the flow-through of appropriate state and local taxes in accordance with A.A.C. R14-2-608(D).

15. The Company agreed to Staff's recommendations.

CONCLUSIONS OF LAW

1. MPUC is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2. The Commission has jurisdiction over MPUC and the subject matter of the application.

3. Notice of the application was provided in accordance with law.

4. There is a public need and necessity for sewer service in the proposed service territory as set forth in Exhibit A.

5. MPUC is a fit and proper entity to receive a Certificate to provide sewer service in the proposed service area.

6. Staff's recommendations contained in Findings of Fact Nos. 11 and 14 are reasonable and should be adopted.

...

...

ORDER

IT IS THEREFORE ORDERED that the application of Mountain Pass Utility Company for a new Certificate of Convenience and Necessity to provide sewer service to the area in Pinal County, Arizona, described in Exhibit A hereto, is approved conditioned upon Mountain Pass Utility Company filing a copy of its ADEQ Approval To Construct within 365 days from the effective date of this Decision.

IT IS FURTHER ORDERED that Mountain Pass Utility Company shall charge initial rates and charges as set forth in Findings of Fact No. 9.

IT IS FURTHER ORDERED that Mountain Pass Utility Company shall comply with the recommendations set forth in Findings of Fact No. 14.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 25th day of June, 2000.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT
JR:bbs

1 SERVICE LIST FOR:

MOUNTAIN PASS UTILITY COMPANY

2 DOCKET NO.

SW-03841A-00-0124

3 Mr. Jim Poulos
4 Mountain Pass Utility Company
5 9532 East Riggs Road
6 SunLakes, AZ 85248-7411

7 Mr. Marty Aronson
8 Morrill & Aronson
9 One East Camelback Road, Suite 340
10 Phoenix, Arizona 85012

11 Ms. Lyn Farmer, Chief Counsel
12 Legal Division
13 ARIZONA CORPORATION COMMISSION
14 1200 West Washington Street
15 Phoenix, Arizona 85007

16 Ms. Deborah Scott, Director
17 Utilities Division
18 ARIZONA CORPORATION COMMISSION
19 1200 West Washington Street
20 Phoenix, Arizona 85007

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

EXHIBIT A

LEGAL DESCRIPTION OF MOUNTIAN PASS UTILITY COMPANY
SERVICE AREA

A parcel of land located in Sections 32, 33 and 34, T9S, R14E, G&SRM and Sections 4, 5, 7 and 8, T10S, R14E, G&SRM, Pinal County, Arizona, more particularly described as follows:

ALL of said Section 32;

ALL of the South $\frac{1}{2}$ of said Section 33 except the following:

BEGINNING at the East $\frac{1}{4}$ corner of said Section 33;

THENCE S00°33'15"E, along The East line of said Section 33, 330.12 feet;

THENCE S89°35'49"W, 662.65 feet;

THENCE N00°34'02"W, 330.16 feet to the Northerly line of said South $\frac{1}{2}$ of Section 33;

THENCE N89°36'01"E, along said Northerly line, 662.73 feet to the POINT OF BEGINNING of this exception.

ALL of the South $\frac{1}{2}$ of said Section 34 except the following:

BEGINNING at the West $\frac{1}{4}$ corner of said Section 34;

THENCE N89°34'21"E, along the North line of said South $\frac{1}{2}$ of Section 34, 662.58 feet;

THENCE S00°32'51"E, 330.21 feet;

THENCE S89°34'46"W, 662.54 feet to the West line of said Section 34;

THENCE N00°33'15"W, along said West line, 330.12 feet to the POINT OF BEGINNING of this exception.

ALL of said Section 5;

ALL of the North $\frac{1}{2}$ of said Section 4;

A portion of said Section 7, described as follows:

BEGINNING at the East quarter corner of said Section 7;

THENCE along the East line of the Southeast quarter of said Section 7, S00°10'16"E, 1,786.42;

THENCE leaving said East line S55°09'49"W, 1,582.28 feet to the Southerly line of said section;

THENCE along the South line of the Southeast quarter of said Section 7. S89°41'55"W, 435.38;

1 THENCE leaving said South line N07°39'14"E, 506.16 feet;

2 THENCE N13°48'57"W, 676.93 feet;

3 THENCE N00°0'00"E, 403.96 feet;

4 THENCE N10°30'14"W, 967.35 feet;

5 THENCE N31°35'23"W, 196.47 feet to the North line of the Southeast quarter of said
6 Section 7;

7 THENCE along the North line of said Southeast quarter N89°41'51"E, 2,102.28 feet
8 to the POINT OF BEGINNING.

8 A portion of said Section 8, described as follows:

9 BEGINNING at the Northwest corner of said Section 8, said corner being marked by
10 a 5/8" rebar, with 2" aluminum cap, tagged L.S. 24530;

11 THENCE along the North line of the Northwest quarter of said Section 8,
12 S89°42'52"E, 2,634.67 feet to the North quarter corner of said Section 8;

13 THENCE along the North line of the Northeast quarter of said Section 8,
14 S89°43'06"E, 2,634.65 feet to the Northeast corner of said Section 8;

15 THENCE S54°23'24"W, 368.86 feet;

16 THENCE S88°06'06"W, 600.79 feet;

17 THENCE S70°27'04"W, 626.15 feet;

18 THENCE N37°30'19"W, 185.42 feet;

19 THENCE S69°18'39"W, 440.01 feet;

20 THENCE S32°39'16"W, 790.12 feet;

21 THENCE S62°36'44"W, 214.75 feet;

22 THENCE S53°43'39"W, 357.73 feet;

23 THENCE S81°25'31"W, 552.49 feet;

24 THENCE S14°00'58"W, 395.46 feet;

25 THENCE S00°34'07"W, 245.06 feet;

26 THENCE S65°30'52"W, 370.07 feet;

27 THENCE S33°28'47"W, 216.79 feet;

28 THENCE S03°08'24"W, 212.05 feet;

THENCE S69°12'03"W, 269.75 feet;

1 THENCE S40°50'26"W, 201.11 feet;

2 THENCE S53°05'26"W, 587.67 feet;

3 THENCE S22°50'33"W, 109.03 feet;

4 THENCE S43°20'37"W, 134.92 feet;

5 THENCE S10°01'34"E, 436.16 feet;

6 THENCE S08°18'02"W, 359.21 feet;

7 THENCE S55°09'49"W, 292.31 feet to the West line of the Southwest quarter of said
8 Section 8;

9 THENCE along the West line of said Section 8, N00°10'16"W, 4,469.82 feet to the
10 POINT OF BEGINNING.

11 The above-described parcel contains 2,527.96 acres, more or less.